

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PRIORITIES FOR FUTURE DATA COLLECTION AND
ANALYTICAL WORK RELATING TO PERIODIC
REPORTING

Docket No. RM2011-3

NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING
PROPOSAL TO UPDATE HIGHWAY VARIABILITIES
(June 20, 2014)

Last fall in this docket, the Postal Regulatory Commission noted that efforts by the Postal Service to update the estimate of the variabilities of the costs of purchased highway transportation with respect to purchased capacity were underway. Order No. 1829, Docket No. RM2011-3 (Sept. 5, 2013) at 2. This notice is to inform parties that those efforts have now been completed, and the results have been submitted today as Proposal Six in Docket No. RM2014-6. The Postal Service is seeking with Proposal Six review and approval to incorporate those results into future Annual Compliance Reports, hopefully in time to use for the current fiscal year.

Earlier in this docket, the Commission stated an intent for the Postal Service, once it had completed updated estimates for the variability of highway costs with respect to capacity, to report on the feasibility of modeling the elasticity of capacity with respect to volume. Order No. 1626 (Jan. 18, 2013) at 7. The objective of such an exercise would be to replace the current assumption of direct proportionality between transportation capacity and mail volume with an estimate based on actual empirical analysis. Once the Commission completes consideration of Proposal Six in Docket No.

RM2014-6, the Postal Service anticipates filing a status report regarding the relationship between capacity and mail volume.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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